

**MILLENNIUM INSTITUTE OF ADVANCE NURSING**  
**MONTHLY OPERATING REPORTS**  
**AS OF AUGUST 2012**

Exhibit 2

	April	May	June	July	August	September	Cumulative
Funds at beginning of period	\$ 91,111	\$ 19,091	\$ 27,558	\$ 61,548	\$ 80,894	\$ 146,130	\$ 91,111
Cash Sales	5,868	4,593	4,568	5,305	5,606	4,006	29,946
Minus: Cash refunds							
Net cash sales	5,868	4,593	4,568	5,305	5,606	4,006	29,946
Accounts receivable	186,381	316,946	370,426	332,899	422,228	352,920	1,981,801
Other receipts							
Total Receipts	192,249	321,540	374,994	338,205	427,834	356,926	2,011,747
Total funds available for operations	283,360	340,631	402,552	399,753	508,728	503,056	2,102,853
Disbursements:							
A. Advertising	220	260	-	1,240	260	138	2,118
B. Bank Charges	231	951	202	206	245	299	2,134
C. Contract Labor	34,372	59,054	46,164	50,800	56,664	57,079	304,133
D. Fixed Asset Payments	-	832	832	832	832	832	4,994
E. Insurance	-	-	-	-	-	-	-
F. Inventory Payments	-	-	-	-	-	-	-
G. Leases	-	-	-	-	-	-	-
H. Manufacturing Supplies	-	-	-	-	-	-	-
I. Office Supplies	352	1,716	954	1,053	1,307	1,223	6,605
J. Payroll - Net	114,088	107,549	118,118	104,646	113,916	119,268	677,565
K. Professional Fees (Accounting & L. Rent	10,000	3,458	-	10,705	3,735	29,153	57,051
M. Repairs & Maintenance	100	978	-	-	100	100	1,278
N. Secured Creditor Payments	2,891	2,737	2,913	6,417	10,020	3,957	28,935
O. Taxes Paid - Payroll	13,678	13,735	13,788	13,846	13,907	13,567	82,520
P. Taxes Paid - Sales & Use (See Q. Taxes Paid - Other	-	-	33,450	17,853	40,333	39,064	130,700
R. Telephone	3,670	4,392	5,604	4,163	6,360	3,766	27,984
S. Travel & Entertainment	-	-	-	-	-	-	-
Y. U.S. Trustee Quarterly Fees	-	-	-	-	-	-	-
U. Utilities	22,282	21,773	26,422	23,280	26,062	25,837	145,634
V. Vehicle Expenses	1,591	3,135	1,810	3,419	2,430	2,360	14,745
W. Other Operating Expenses (See MOR-3)	59,962	92,504	90,748	75,544	89,396	81,613	486,768
Total disbursements	284,268	313,073	341,004	318,860	362,598	378,256	1,978,058
Ending balance	\$ 19,091	\$ 27,558	\$ 61,548	\$ 80,894	\$ 146,130	\$ 124,800	\$ 124,800



***THE MILLENNIUM INSTITUTE OF ADVANCED NURSING***

***PROJECTED STATEMENTS OF CASH FLOWS***

***Chapter 11***

Exhibit 4-A

**MILLENNIUM INSTITUTE OF ADVANCE NURSING**  
(DEBTOR IN POSSESSION)  
**FORECASTED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDING DECEMBER 31, 2013 THROUGH 2017**

	2013	2014	2015	2016	2017
<b>Beginning Cash Balance</b>	\$ 146,130	\$ 172,927	\$ 317,706	\$ 496,688	\$ 931,655
<b>Cash inflows:</b>					
Cash Income	60,000	60,000	60,000	60,000	60,000
Accounts Receivable	4,614,000	4,706,000	4,800,000	4,896,000	4,896,000
<b>Total Funds Available</b>	<u>4,674,000</u>	<u>4,766,000</u>	<u>4,860,000</u>	<u>4,956,000</u>	<u>4,956,000</u>
	4,820,130	4,938,927	5,177,706	5,462,688	5,887,655
<b>Cash outflows:</b>					
Advertising	4,000	4,000	4,000	4,000	4,000
Bank Charges	4,268	4,268	4,268	4,268	4,268
Contract Labor	608,000	620,000	632,000	645,000	658,000
Insurance	10,000	10,000	10,000	10,000	10,000
Office Supplies	13,200	13,200	13,200	13,200	13,200
Payroll	1,455,000	1,484,000	1,514,000	1,544,000	1,575,000
Payroll Taxes and benefits	218,300	222,600	227,100	231,600	236,300
Professional Fees (Accounting & Legal)	115,000	118,450	122,004	125,664	129,434
Rent	2,556	2,556	2,556	2,556	2,556
Repairs & Maintenance	57,870	57,870	57,870	57,870	57,870
Disability Insurance Expense	2,800	2,856	2,913	2,971	3,031
Group Insurance	64,904	66,202	67,526	68,876	70,254
Telephone	55,968	55,968	55,968	55,968	55,968
Utilities	341,300	342,800	344,300	345,800	347,300
Vehicle Expenses	28,490	29,490	29,490	29,490	29,490
Patient Service (Food, Medicine, Laboratories, Ambulance)	571,300	582,726	582,726	582,726	582,726
Other (Security, Laundry, Cleaning Supplies, Health Insurance, Deliver, Transportation)	208,700	210,000	230,000	250,000	250,000
<b>Total Operating Expenses</b>	<u>3,762,655</u>	<u>3,826,986</u>	<u>3,899,920</u>	<u>3,973,969</u>	<u>4,029,396</u>
<b>Cash flows from operations</b>	<u>911,345</u>	<u>939,014</u>	<u>960,080</u>	<u>982,011</u>	<u>926,604</u>
<b>Payments to Creditors: (As per Exhibit 3)</b>					
CLASS 1 ADMINISTRATIVE CLAIMS	84,750	-	-	-	-
CLASS 2 SECURED- Principal	281,847	296,612	306,019	315,873	326,199
SECURED- Interest	103,093	95,810	86,403	76,549	66,224
CLASS 3 GENERAL UNSECURED	154,622	154,622	154,622	154,622	141,737
PRIORITIES	226,956	226,956	226,956	-	-
PRIORITIES- Interest	33,280	20,236	7,098	-	-
	884,547	794,235	781,098	547,044	534,159
<b>Total Disbursements</b>	<u>4,847,203</u>	<u>4,621,221</u>	<u>4,661,018</u>	<u>4,521,033</u>	<u>4,563,555</u>
<b>Ending cash balance</b>	<u>\$ 172,927</u>	<u>\$ 317,706</u>	<u>\$ 496,688</u>	<u>\$ 931,655</u>	<u>\$ 1,324,100</u>



**THE MILLENNIUM INSTITUTE OF ADVANCED NURSING**

**NOTES TO PROJECTED STATEMENTS OF CASH FLOWS**  
**For the years ending December 31, 2012**

**Note- 1- Nature of Business**

Operations:

The Corporation was organized in December 2000, under the laws of the Commonwealth of Puerto Rico, and begun operations in November 2001. It was established to provide nursing services, living facilities and elderly-care services to patients under daily basis and other long term agreements. It also provides skill nursing services to patients referred by Administration de Compensaciones Accidentes Automovilisticos (ACAA). The Corporation has a license from the Commonwealth of Puerto Rico's Department of Health to provide skill nursing services under provisions of Law 101. It also has a certification from the US Department of Health and Human Services Centers for Medicare and Medicaid services to be in compliance with Life Safety Code requirements for skilled nursing facilities. In June 2006, the Corporation was approved for 120 skilled nursing beds under the Medicare Program.

On July 24, 2008, the Company (the Debtor) filed petition for protection under Chapter 11 of the Federal Bankruptcy laws in the United States Bankruptcy Court for the District of Puerto Rico. On December 24, 2009 the Debtor received the approval from the Bankruptcy Court of the Disclosure Statement and the Plan of Reorganization. On March 2, 2010 the Bankruptcy Court confirmed the Plan of Reorganization.

**Note 2- Summary of Significant Assumptions**

This financial projection of operations and cash flows, presents to the best of management's knowledge and belief, the expected results of operations and cash flows for the projection period assuming a corporate re-organization under Chapter 11 of the United State Bankruptcy Court. Accordingly, the projection reflects management's judgment as of **November 5, 2012**, the date of this projection, of the expected conditions and its expected course of action if such corporate re-organization is approved. The presentation is designed to provide information for the reorganization plan and cannot be considered to be a presentation of expected future results. Accordingly, this projection may not be useful for other purposes.

The assumptions disclosed herein are those that management believes are significant to the projection. Even if the corporate re-organization is approved, there will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Projected statement of cash flows:

- A. Forecasted Sales of nursing services – Revenues for nursing services is recognized on a daily basis or as a provided by medical plan agreement. The revenue for living facilities and elderly care services are recognized when due. The following summarized the nursing services expected to be provided and collected during the years of operations.

<u>Year</u>	<u>Patients services</u>
1	\$ 4,614,000
2	\$ 4,706,000
3	\$ 4,800,000
4	\$ 4,896,000
5	\$ 4,896,000

B. Forecasted Direct expenses-

- a. Forecasted payroll – were forecasted assuming approximately \$122,000 as an average monthly salary.
- b. Forecasted contract labor – were forecasted assuming \$51,000 average contract labor per month. The contract labor is related to doctors and therapist salary.
- c. Forecasted Repairs & Maintenance – were forecasted of \$5,000 on a monthly basis.
- d. Forecasted utilities expense – were forecasted assuming an average of \$28,000 utilities expense per month.
- e. Patient Service (Food, Medicine, Laboratories, Ambulance) – an average of \$48,000 patient service expense were forecasted.

The Corporation Millennium Institute for Advance Nursing Care, Inc. will establish a hospice institutional program whiting their actual facilities. The proposal will add a new dimension to their actual skilled services of nursing.

Millennium will provide in-patient service, the beneficiaries of the in-patient service is to patients of hospice care that shows symptoms or pains that cannot be treated in house and require twenty four (24) hour treatment. The projection of additional net revenue due to hospice service is approximately \$650,000 per year, based on an approval of 6 beds and a utilization of 80%.

The projection of cash flows takes in consideration other increments in expenses directly related to this new line of business. The variables are:

- a. Salary increase of approximately \$100,000 per year.
- b. Additional increase of approximately 15% in fringe benefits.
- c. Patient Service (Food, Medicine, Laboratories, Ambulance) were computed in average of \$25 per day per patient with an increment of 3% due to inflation per year. This represents approximately \$60,000 per year.
- d. Utilities were calculated of approximately \$10.6 per patient day.

The projection is that the hospice operation will be profitable since the first year of operations due to the personnel, physical plant, equipment and beds.

**NOTE 3- Payments of claims**

All pre-petition debts are to be paid in cash or in accordance with the Debtor's reorganization plan, as presented in the Payment Plan (Exhibit \_\_\_\_).

**NOTE 4- Tax Prepayments**

The Company is currently negotiating certain tax withholdings/prepayments with the PR Treasury Department. If any of those withholdings/prepayments were granted, proceeds will be used to offset existing debts with the PR Treasury Department.